

TOP SECRET

4 June 1958

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CENTRAL INTELLIGENCE BULLETIN



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4 JUNE 1958

I. THE COMMUNIST BLOC

Khrushchev's first direct attack in dispute with Yugoslavia makes any reconciliation more remote.

Peiping calls for more attacks on Tito.

Yugoslavia launches campaign to discredit myth of Soviet aid without strings.

II. ASIA-AFRICA

Rebels attack Lebanese government supporters using heavy weapons and reinforcements from Syria. Government officials doubt capability of security forces to suppress rebels.

Additional incidents between Israel and Jordan possible in Mount Scopus area of Jerusalem.

Laos - Faction-ridden conservatives try to unite against Communist opposition.

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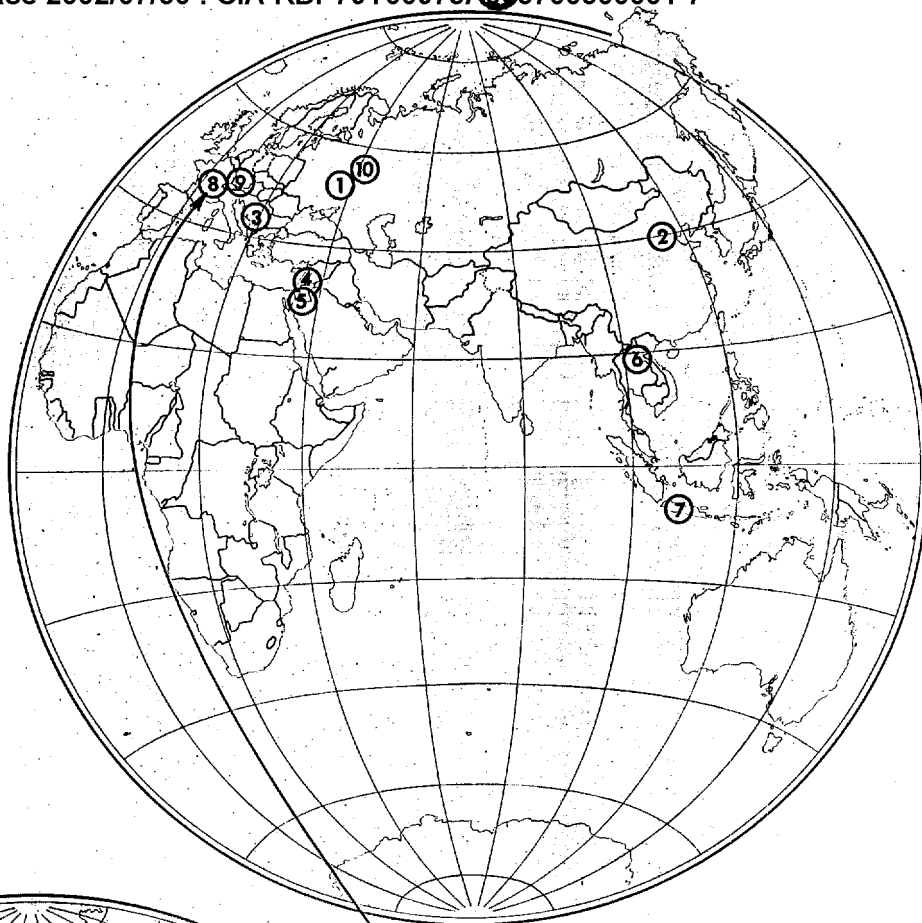
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⑦ Rumors persist that Indonesian cabinet will be reshuffled; no major changes expected.

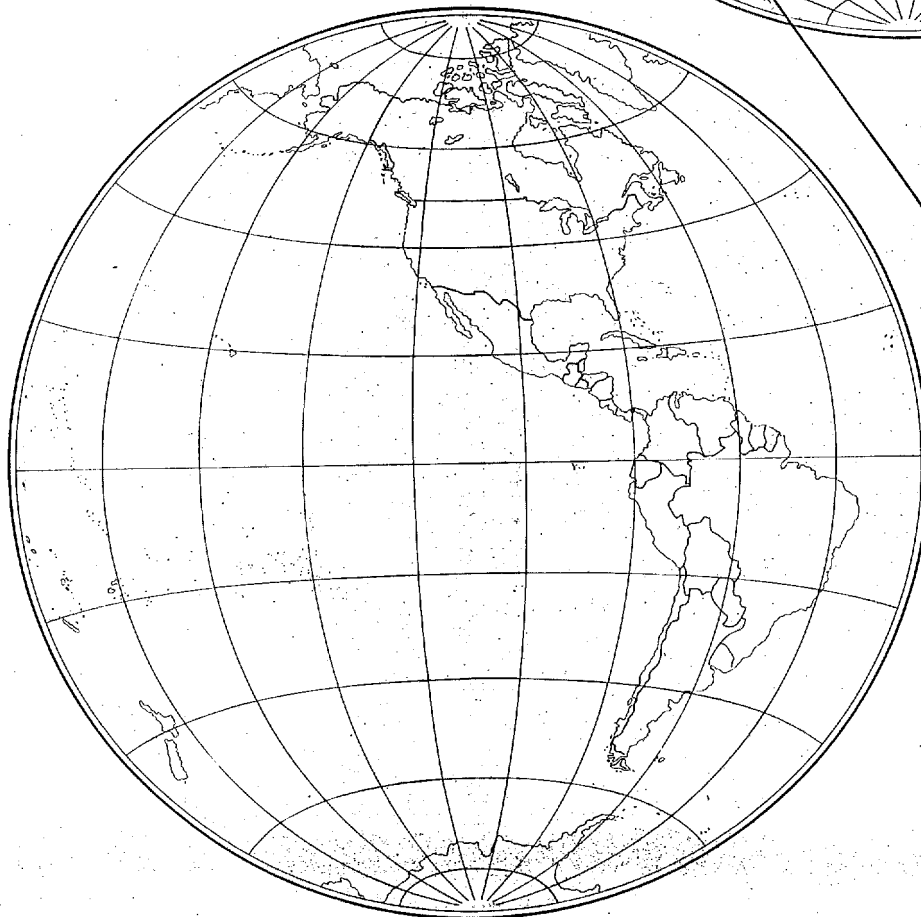
III. THE WEST

⑧ De Gaulle's actions in reappointing General Ely and summoning General Salan to Paris suggest he intends to be firm toward military and extremists in Algeria.

⑨ West Germany publicly declares desire to work with De Gaulle; Defense Minister Strauss concerned over French nationalist tendencies.

LATE ITEM

⑩ Khrushchev's letter calls for governmental agreement to promote Soviet-American trade.



CENTRAL INTELLIGENCE BULLETIN

4 June 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

The Bloc-Yugoslav dispute:

no Khrushchev speaks: Khrushchev's first open and direct attack against Yugoslavia since the current dispute makes more remote the possibility that he will seek any reconciliation between Moscow and Belgrade. By speaking against the Yugoslavs at the Bulgarian party congress, Khrushchev has personally sought to establish a basic line for the bloc in accord with the stand already taken by the Soviet press. During the recent Moscow meetings, the USSR reportedly encountered Polish and Hungarian opposition to taking a firm line on Yugoslavia.

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no Peiping's role: A Soviet diplomat has alleged that Chinese Communist views on the bloc-Yugoslav dispute, although not a direct factor in Soviet policy formulation, encouraged Soviet elements who were skeptical of Khrushchev's earlier conciliatory policy toward Tito. Peiping, however, has been at some pains to underscore its support for Khrushchev personally. Peiping's attacks on Yugoslavia have been more intense than Moscow's, and the Chinese Communists are insistent on the need to continue the polemics against Tito. This attitude has been developing for the past year as a result of misinterpretation in Eastern Europe of Peiping's position in 1956-1957, the failure of Mao's experiment with "liberalization," and the Chinese belief that Soviet military and scientific accomplishments demonstrate the correctness of Communist orthodoxy.

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Belgrade's tactics: Following Moscow's suspension of credits, Yugoslavia has begun a campaign to embarrass the USSR in its international economic relations. Yugoslav representatives in Moscow are telling officers of "neutral" embassies that Soviet "aid without strings" is a myth and that it should be accepted with "open eyes." The Yugoslavs evidently discount the likelihood of any reconciliation and feel compelled to take the offensive.

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II. ASIA-AFRICA

*Lebanon: An attack on progovernment partisans in the northern Biqa Valley by some 4,000 rebels armed with heavy weapons and mortars and reinforced from Syria has been checked. Similar attacks are expected near Balabakk and in the south. The Lebanese army now estimates rebel strength, not including Syrian infiltrators, at about 11,000. President Chamoun is more pessimistic about the army's ability to suppress the rebels. However, the security forces presently have the potential capability to defeat any combination of rebel forces now in the field.

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Israel-Jordan: Additional incidents in the Mount Scopus area of Jerusalem seem likely. Some Jordanian officials have expressed fear that Israel might launch a retaliatory raid against Jordan.

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Laos: Conservative political leaders are moving toward a merger of their parties to create a unified opposition to the Communists, whose strength was demonstrated in recent election victories. Long-standing personal and party rivalries must be overcome, however, before any effective single party can emerge.

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DAILY BRIEF

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no Indonesia: Rumors persist of an early cabinet reshuffle. It is possible that some cabinet changes may be made in the next few weeks. The pro-Communist minister for manpower mobilization as well as several other leftists may be dropped; Djuanda will probably be retained as prime minister. [redacted]

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III. THE WEST

no France: The reappointment of General Ely as Chief of Staff of the French Armed Forces and the summoning of General Salah to Paris suggest that De Gaulle is consolidating his control over the army in North Africa and will, if necessary, crack down on French extremists in Algeria. [redacted]

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no West Germany - France: Bonn's official statement stressing its willingness to cooperate with France on "common goals" reflects a more optimistic attitude toward the De Gaulle government than previous views expressed privately by top German officials. Defense Minister Strauss, however, fears the possible consequences if De Gaulle fails to solve the "great problems" facing France; he believes "rightist generals" may urge De Gaulle to adopt more nationalistic policies. Strauss is more hopeful over the prospects for continued close cooperation with France in joint armament programs. [redacted]

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LATE ITEM

no

*Soviet note on trade relations: Khrushchev's letter of 2 June to President Eisenhower proposes a bilateral state trade agreement totaling "several billion dollars in the next few years." The exchange, to be financed in part by American long-term credits, would consist largely of Russian raw materials for US machinery, purportedly mostly for consumer industries. Since much of the proposed trade could be carried out through existing Western channels, the Soviet letter appears to be more politically than economically motivated. It is intended as a further demonstration of Soviet interest in improving international relations and in expanding consumption in the USSR while exploiting current American economic problems.

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I. THE COMMUNIST BLOC

Khrushchev Makes Strong Public Attack on Yugoslavia

Khrushchev's 3 June speech to the Bulgarian party congress contained his first public attack on Yugoslavia since the current dispute began. His stand removes any possibility that he will seek a reconciliation with Tito. He supported the view expressed twice by Peiping in recent weeks that the Cominform's denunciation of Yugoslavia in 1948 was correct, but in most other respects simply echoed the stand already taken by the Soviet press. Khrushchev was particularly critical of Yugoslav acceptance of Western aid, a point that has consistently been emphasized by Moscow. He concluded that "we shall wage war against all those who, by their actions, weaken the forces of unity of Communist and workers' parties, who weaken the growing and strengthening camp of the countries of socialism."

By speaking personally on the dispute, Khrushchev was presumably seeking to set the basic line for the bloc in order to eliminate some of the differences that have been evident in satellite commentaries. Yugoslav officials consider that these differences are still strong and assert that they were manifest in the recent bloc meetings in Moscow, where the Poles and Hungarians allegedly argued against the Soviet stand on the question.

Albanian Premier Shehu's remarks on 27 May make it clear that the Albanians believe the Yugoslav Communists will never come to an agreement with Marxism-Leninism. Remarks from Tirana have often provided advance information regarding the Soviet line.

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Chinese Communists Encourage Stiff Soviet
Line on Yugoslavia

The harsh Chinese Communist line on Yugoslavia had the effect of encouraging a group in the Soviet Union who desired a split with Tito, [REDACTED]

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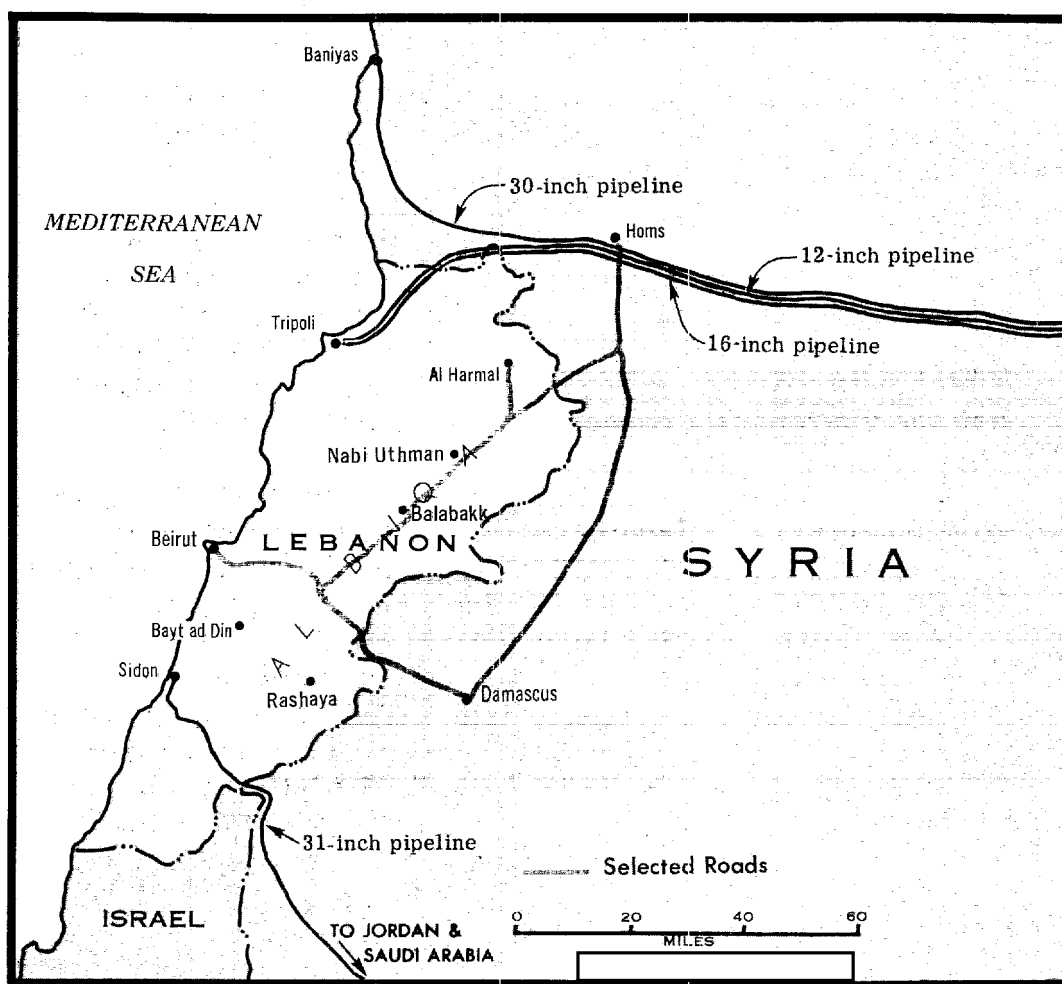
[REDACTED] the Chinese may have sought to promote a stiffer bloc attitude in the Yugoslav dispute than Khrushchev desired. [REDACTED] has been interpreting this as an attack on Khrushchev himself. The Chinese, however, have gone out of their way to endorse Khrushchev personally. The Yugoslavs are convinced that differences in tone between Moscow's and Peiping's statements have no practical significance and that they are the victims of a concerted Sino-Soviet attack.

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Communist China's sharpening line toward Tito is illustrated in the 1 June issue of Red Flag, the new theoretical journal of the Chinese Communist party, which for the first time presents Peiping's point-by-point catalogue of Tito's doctrinal heresies and cites American aid to Belgrade as evidence that the Yugoslav leaders are selling out to the "US imperialists." The article condemns Tito's insistence on "standing above blocs" in the international arena and his deviation from Soviet forms in the socialization of Yugoslavia. This last charge is the first from any bloc country to deal directly with internal Yugoslav developments. [REDACTED]

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II. ASIA-AFRICA

Crisis in Lebanon

After several days of relative quiet, during which rebel groups were reinforced from Syria, the opposition launched a new attack against progovernment partisan forces in the Biqa Valley. The attacking force, estimated at up to 4,000 men armed with mortars and machine guns, surrounded the road center of Nabi Uthman on 2 June. The siege was lifted partly as a result of attacks by government air force planes and partly by a truce agreed to by the rebel attackers and defenders of the town. Progovernment members of the Syrian Social National party, who have borne the brunt of the Biqa fighting, were also reported planning to withdraw their forces from other exposed points at Harmal and Rashaya. A rebel attack on Rashaya in southern Lebanon was believed imminent and may already have taken place.

The new fighting in the Biqa has brought the military initiative back to the rebel side. The attack on Nabi Uthman is reported to have been staged from a base in Syria at Nabk, midway between Damascus and Homs. The new phase of rebel attacks appears to reflect an increasingly important UAR role in directing the unorganized opposition groups.

The growing UAR role in the rebellion may have intimidated some indigenous opposition leaders who might otherwise consider a compromise settlement.

The rebel forces, which the Lebanese Army G-2 now estimates to include 11,000 indigenous rebels, could if coordinated under a central command seriously threaten the ability of Lebanon's security forces to maintain even their

present precarious position. Syrian efforts to gain control of and direct a sustained rebel effort, therefore, are the most serious immediate threat to the government. In order for the security forces to overcome the rebels, they would need a quality of leadership which has not been demonstrated to date.

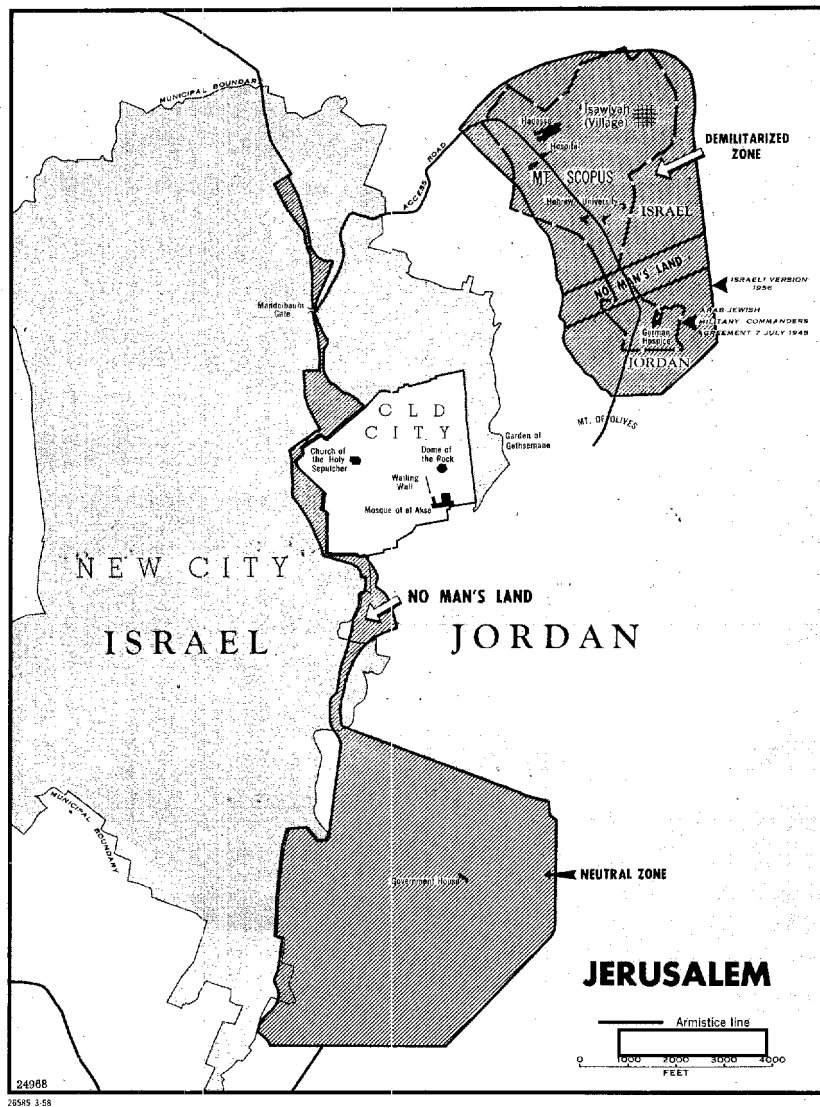
25X6 The adverse military developments and the unanimous Arab League recommendation that Lebanon defer its complaint to the UN Security Council against the UAR have brought new discouragement to the government. President Chamoun [redacted] expressed pessimism over the army's ability to cope with expanded rebel attacks, and indicated that he still believes foreign intervention may be necessary to protect Lebanon's integrity. The head of Lebanon's security police has also expressed pessimism over the possibility of solving Lebanon's crisis without foreign intervention, but foresees a lull in political developments until after the Arab League and UN Security Council activities have concluded. [redacted]

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Israeli-Jordanian Tension

Israeli police and Jordanian civilians clashed again in the Mt. Scopus demilitarized zone on 2 June, and further tension is likely to develop over the semimonthly Israeli relief convoy scheduled to pass on 4 June through Jordanian Jerusalem to the Israeli enclave on Mt. Scopus. Foreign Minister Rifai of Jordan has said the convoy will be stopped unless Israeli personnel are completely identified. Officials of the UN Truce Supervision Organization (UNTSO) are trying to soften the Jordanian position on this issue.

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UNTSO Chief of Staff von Horn has also requested that Israeli forces on Mt. Scopus be ordered to cease patrolling in areas adjacent to the Arab village of Isawiyah in the Mt. Scopus demilitarized zone. The Israeli chief of staff, however, has asserted that patrolling would not be halted since Israel considers these areas Israeli territory. It was in a fight involving one such Israeli patrol that Col. Flint, the former chairman of the Israeli-Jordanian Mixed Armistice Commission, was killed, and the conflict on 2 June also was between an Israeli patrol and Isawiyah villagers. This issue is complicated by the fact that documents relevant to the Mt. Scopus dispute do not afford Jordan any legal authority over Isawiyah.

Jordan may be strengthening its military forces along the armistice line near Jerusalem and around Mt. Scopus, and [redacted] increased concentrations of Jordanian troops farther west. In Amman, lengthy meetings of the joint Iraqi-Jordanian general staffs are believed to have been primarily concerned with the Mt. Scopus situation.

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A Jordanian officer has stated that Israel has moved a brigade into Jerusalem and that an abnormal amount of military traffic is moving north and south near the coast. Israeli Prime Minister Ben-Gurion's statement a month ago, implying forceful action in the Mt. Scopus issue, still causes concern among Jordanians, who fear Israel is preparing for a raid on Jordan in retaliation for the death on 26 May of four Israelis along with Flint. There has been no confirmation of the alleged Israeli troop movements. [redacted]

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Possible Conservative Merger in Laos

Laotian conservative leaders, after an initial period of mutual recriminations over the upset victory scored by the Communist Neo Lao Hak Zat party (NLHZ) in the 4 May supplementary election, seem to be moving toward a merger of their parties to contain further Communist political gains. Premier Souvanna Phouma says he is leading a drive to unite existing conservative groupings into one party in an effort to exclude the NLHZ from the new government. He thus appears to have reversed his previously sympathetic attitude toward the Communists.

There is general agreement among conservative elements for concerted action against the NLHZ, but long-standing personal and party rivalries among them must still be overcome and firm discipline established before an effective merger can be implemented. A few conservative leaders are balking at a formal merger, favoring a coalition alliance instead. Souvanna, who probably will be retained as premier, has given "firm assurances" to Ambassador Smith in Vientiane that he will keep the NLHZ out of the government, and says he is determined to undertake "serious reforms" to meet the long-range Communist political threat.

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III. THE WEST

Bonn's Cautious Optimism Toward De Gaulle

The West German cabinet on 2 June issued an official statement welcoming the end of the crisis in France and stressing willingness to cooperate with the new regime "in order to reach common goals." Although Chancellor Adenauer has had doubts about De Gaulle's intentions with respect to European matters, Vice Chancellor Erhard, during his current visit to the United States, has stressed his "trust" that De Gaulle would adopt a positive attitude toward European institutions.

Defense Minister Strauss told American officials on 31 May that he feared what might follow the De Gaulle regime if De Gaulle were unable to solve "the great problems facing France." He also expressed concern over the possibility that De Gaulle, under pressure from "rightist generals," might adopt nationalistic policies tending toward economic self-sufficiency for France and harmful to European integration efforts.

Strauss seems optimistic, however, over the prospects of continuing the close cooperation with Paris in joint armament programs. He said that Bonn's relations with the French military were good and that the French-Italian-German armaments agreement was basically a sound policy. [REDACTED]

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